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Comments:

While I understand the importance of following sound lending parameters and managing concentrations, I think it is important to assess risk relative to the standing and customary practices of any given institution and its established and seasoned credit culture. Economic indicators may suggest the emergence of risk; however, the implementation of a standardized (one-size fits all) rule could inhibit reasonable banking activity in some areas and could jeopardize other tightly managed components of the bank, such as earnings. It seems prudent that regulatory language would incorporate tiered thresholds supported by a number of indicators, such as historical loss rates, reserve adequacy, composite ratings, and so forth. Obviously, it is important to pro-actively manage the probability of emerging risk; however, regulatory burden should be such that it does not thoroughly detract from a bank's fundamental mechanisms of generating earnings and establishing market share.